

**CITY OF BISMARCK EMPLOYEES PENSION FUND**  
**INVESTMENT PERFORMANCE REPORT AS OF AUGUST 31, 2006**

	August-06				July-06				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation Actual	Policy	Month Net ROR	Market Value	Allocation Actual	Policy	Month Net ROR	Fiscal YTD Net ROR	FY06 Net ROR	Ended 6/30/2006 Net	Ended 6/30/2006 Net
<b>LARGE CAP DOMESTIC EQUITY</b>												
<i>Structured Growth</i>												
LA Capital	1,244,622	2.8%	3.0%	2.14%	1,219,086	2.8%	3.0%	-3.49%	-1.42%	11.88%	N/A	N/A
<b>Total Structured Growth</b>	<b>1,244,622</b>	<b>2.8%</b>	<b>3.0%</b>	<b>2.14%</b>	<b>1,219,086</b>	<b>2.8%</b>	<b>3.0%</b>	<b>-3.49%</b>	<b>-1.42%</b>	<b>11.88%</b>	<b>12.99%</b>	<b>0.19%</b>
Russell 1000 Growth				3.12%				-1.90%	1.16%	6.12%	8.34%	-0.77%
<i>Structured Value</i>												
LSV	1,336,493	3.0%	3.0%	0.85%	1,326,165	3.0%	3.0%	1.80%	2.66%	15.93%	21.06%	12.29%
Russell 1000 Value				1.67%				2.43%	4.14%	12.10%	15.70%	6.89%
<i>Enhanced Russell 1000 Index</i>												
LA Capital	1,618,922	3.6%	3.8%	1.73%	1,592,045	3.6%	3.8%	-1.13%	0.58%	12.49%	12.73%	3.75%
Russell 1000				2.40%				0.22%	2.62%	9.08%	12.05%	3.12%
<i>Enhanced S&amp;P 500 Index</i>												
Northern Trust	1,681,631	3.8%	3.8%	2.52%	1,640,079	3.7%	3.8%	0.84%	3.39%	9.33%	11.32%	2.81%
Westridge	1,750,752	3.9%	3.0%	2.41%	1,710,305	3.9%	3.0%	0.65%	3.07%	8.80%	11.46%	2.80%
Wells Capital	828,443	1.9%	2.0%	0.49%	816,345	1.9%	2.0%	-1.02%	-0.53%	N/A	N/A	N/A
<b>Total Enhanced S&amp;P 500 Index</b>	<b>4,260,827</b>	<b>9.5%</b>	<b>8.8%</b>	<b>2.08%</b>	<b>4,166,729</b>	<b>9.4%</b>	<b>8.8%</b>	<b>0.40%</b>	<b>2.48%</b>	<b>8.58%</b>	<b>11.40%</b>	<b>2.76%</b>
S&P 500				2.38%				0.62%	3.01%	8.63%	11.22%	2.49%
<i>S&amp;P 500 Index</i>												
State Street	556,296	1.2%	1.4%	2.07%	545,038	1.2%	1.4%	0.86%	2.94%	9.62%	11.55%	2.70%
S&P 500				2.38%				0.62%	3.01%	8.63%	11.22%	2.49%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>9,017,158</b>	<b>20.1%</b>	<b>20.0%</b>	<b>1.84%</b>	<b>8,849,062</b>	<b>20.1%</b>	<b>20.0%</b>	<b>-0.20%</b>	<b>1.63%</b>	<b>10.93%</b>	<b>13.21%</b>	<b>3.86%</b>
S&P 500				2.38%				0.62%	3.01%	8.63%	11.22%	2.49%
<b>SMALL CAP DOMESTIC EQUITY</b>												
<i>Manager-of-Managers</i>												
SEI	3,551,387	7.9%	8.6%	2.34%	3,472,955	7.9%	8.6%	-3.55%	-1.30%	13.56%	18.31%	8.00%
Russell 2000 + 200bp				3.13%				-3.09%	-0.06%	16.86%	21.06%	10.71%
Callan	1,380,325	3.1%	3.4%	2.42%	1,347,691	3.1%	3.4%	-4.14%	-1.82%	N/A	N/A	N/A
Russell 2000				2.96%				-3.25%	-0.39%			
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>4,931,712</b>	<b>11.0%</b>	<b>12.0%</b>	<b>2.34%</b>	<b>4,820,646</b>	<b>10.9%</b>	<b>12.0%</b>	<b>-3.55%</b>	<b>-1.30%</b>	<b>13.40%</b>	<b>18.25%</b>	<b>7.97%</b>
Russell 2000				2.96%				-3.25%	-0.39%	14.58%	18.70%	8.50%
<b>INTERNATIONAL EQUITY</b>												
<i>Large Cap - Core</i>												
State Street	498,261	1.1%	1.1%	2.71%	484,932	1.1%	1.1%	1.07%	3.81%	27.85%	20.61%	6.87%
MSCI EAFE (1)				2.75%				0.99%	3.77%	26.56%	20.76%	5.94%
<i>Large Cap - Active</i>												
Capital Guardian	1,481,722	3.3%	3.3%	3.46%	1,432,591	3.2%	3.3%	0.82%	4.31%	28.01%	21.32%	6.58%
LSV	1,441,913	3.2%	3.3%	2.94%	1,402,238	3.2%	3.3%	1.14%	4.11%	27.77%	N/A	N/A
Bank of Ireland	494,694	1.1%	1.1%	4.37%	474,592	1.1%	1.1%	0.46%	4.85%	22.00%	19.16%	N/A
<b>Total Large Cap - Active</b>	<b>3,418,329</b>	<b>7.6%</b>	<b>7.7%</b>	<b>3.37%</b>	<b>3,309,422</b>	<b>7.5%</b>	<b>7.7%</b>	<b>0.90%</b>	<b>4.30%</b>	<b>27.11%</b>	<b>21.84%</b>	<b>7.14%</b>
MSCI EAFE - 50% Hedged				2.93%				0.98%	3.94%	26.72%	22.56%	6.89%
<i>Small Cap - Active</i>												
Lazard	470,106	1.0%	1.1%	3.15%	457,119	1.0%	1.1%	-2.15%	0.92%	25.04%	29.34%	N/A
Wellington	470,591	1.1%	1.1%	2.33%	460,738	1.0%	1.1%	0.23%	2.57%	23.35%	25.26%	N/A
<b>Total Small Cap - Active</b>	<b>940,697</b>	<b>2.1%</b>	<b>2.2%</b>	<b>2.74%</b>	<b>917,856</b>	<b>2.1%</b>	<b>2.2%</b>	<b>-0.97%</b>	<b>1.74%</b>	<b>24.18%</b>	<b>27.28%</b>	<b>N/A</b>
Citigroup Broad Market Index < \$2BN				2.90%				-2.00%	0.84%	29.21%	32.38%	N/A
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>4,857,287</b>	<b>10.8%</b>	<b>11.0%</b>	<b>3.18%</b>	<b>4,712,209</b>	<b>10.7%</b>	<b>11.0%</b>	<b>0.55%</b>	<b>3.74%</b>	<b>26.61%</b>	<b>22.77%</b>	<b>8.74%</b>
MSCI EAFE - 50% Hedged				2.93%				0.98%	3.94%	26.72%	22.56%	6.89%
<b>EMERGING MARKETS EQUITY</b>												
<i>Core</i>												
JP Morgan	157,581	0.4%	0.3%	3.63%	152,612	0.3%	0.3%	1.75%	5.45%	N/A	N/A	N/A
PanAgora	135,263	0.3%	0.0%	2.26%	132,217	0.3%	0.0%	2.17%	4.48%	N/A	N/A	N/A
WestLB	137,375	0.3%	0.0%	1.37%	135,722	0.3%	0.0%	1.42%	2.82%	N/A	N/A	N/A
UBS	243,896	0.5%	0.6%	2.30%	238,248	0.5%	0.6%	1.71%	4.05%	N/A	N/A	N/A
<b>Total Core</b>	<b>674,114</b>	<b>1.5%</b>	<b>1.3%</b>	<b>2.41%</b>	<b>658,800</b>	<b>1.5%</b>	<b>1.3%</b>	<b>1.76%</b>	<b>4.22%</b>	<b>35.59%</b>	<b>32.44%</b>	<b>18.61%</b>
MSCI Emerging Markets				2.60%				1.50%	4.13%	35.91%	22.39%	12.89%
<i>Small Cap</i>												
DFA	148,056	0.3%	0.4%	3.39%	143,085	0.3%	0.4%	2.22%	5.69%	N/A	N/A	N/A
MSCI Emerging Markets				2.60%				1.50%	4.13%			
<b>TOTAL EMERGING MARKETS EQUITY</b>	<b>822,170</b>	<b>1.8%</b>	<b>2.0%</b>	<b>2.59%</b>	<b>801,885</b>	<b>1.8%</b>	<b>2.0%</b>	<b>1.84%</b>	<b>4.48%</b>	<b>34.40%</b>	<b>32.05%</b>	<b>18.40%</b>
MSCI Emerging Markets				2.60%				1.50%	4.13%	35.91%	34.76%	21.54%
<b>DOMESTIC FIXED INCOME</b>												
<i>Core Bond</i>												
Western Asset	1,560,477	3.5%	3.4%	1.73%	1,533,111	3.5%	3.4%	1.56%	3.32%	-1.15%	2.65%	5.96%
Lehman Aggregate				1.53%				1.35%	2.90%	-0.81%	2.05%	4.97%
<i>Index</i>												
Bank of ND	3,069,519	6.9%	7.3%	1.54%	3,023,119	6.9%	7.3%	1.25%	2.80%	-1.37%	1.53%	5.24%
<b>Total Index</b>	<b>3,069,519</b>	<b>6.9%</b>	<b>7.3%</b>	<b>1.54%</b>	<b>3,023,119</b>	<b>6.9%</b>	<b>7.3%</b>	<b>1.25%</b>	<b>2.80%</b>	<b>-0.69%</b>	<b>2.10%</b>	<b>5.27%</b>
Lehman Gov/Credit				1.58%				1.30%	2.90%	-1.52%	1.60%	5.13%
<i>Convertibles</i>												
TCW	1,433,550	3.2%	3.4%	1.83%	1,405,356	3.2%	3.4%	-0.54%	1.29%	4.54%	6.78%	1.15%
Merrill Lynch All Convertibles				1.35%				0.23%	1.58%	9.37%	8.01%	4.94%

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	Market Value	Allocation Actual	Policy	Month Net ROR	Market Value	Allocation Actual	Policy	Month Net ROR	Fiscal YTD Net ROR	FY06 Net ROR	Ended 6/30/2006 Net	Ended 6/30/2006 Net
<b>BBB Average Quality</b>												
<b>Wells Capital</b>	1,534,876	3.4%	3.4%	1.95%	1,505,687	3.4%	3.4%	1.52%	3.50%	-2.70%	3.36%	5.51%
<i>Lehman BBB</i>				2.02%				1.58%	3.63%	-2.37%	2.39%	6.10%
<b>Private Debt</b>												
<b>Prudential</b>	1,559,308	3.5%	3.4%	1.47%	1,536,382	3.5%	3.4%	1.39%	2.89%	-0.13%	N/A	N/A
<i>Lehman Aggregate</i>				1.53%				1.35%	2.90%	-0.81%	N/A	N/A
<b>Timberland</b>												
<i>RMK</i>	1,190,075	2.7%	2.7%	-0.06%	1,190,075	2.7%	2.7%	-0.06%	-0.12%	-1.44%	7.62%	N/A
<i>TIR</i>	2,493,003	5.6%	5.6%	-0.04%	2,493,463	5.7%	5.7%	-0.03%	-0.07%	13.53%	N/A	N/A
<b>Total Timberland</b>	3,683,078	8.2%	8.2%	-0.05%	3,683,538	8.3%	8.3%	-0.04%	-0.09%	9.43%	20.37%	N/A
<i>NCREIF Timberland Index</i>				1.15%				1.15%	2.31%	19.69%	13.94%	N/A
<b>TOTAL DOMESTIC FIXED INCOME</b>	12,840,809	28.7%	29.0%	1.17%	12,687,193	28.8%	29.0%	0.73%	1.91%	3.12%	8.91%	8.14%
<i>Lehman Aggregate</i>				1.53%				1.35%	2.90%	-0.81%	2.05%	4.97%
<b>HIGH YIELD BONDS</b>												
<b>Core</b>												
<i>Loomis Sayles</i>	1,333,027	3.0%	3.0%	1.89%	1,310,897	3.0%	3.0%	1.52%	3.44%	4.74%	N/A	N/A
<i>Sutter/Wells Capital</i>	1,322,153	3.0%	3.0%	1.12%	1,313,713	3.0%	3.0%	0.92%	2.05%	4.70%	N/A	N/A
<b>Total Core</b>	2,655,179	5.9%	6.0%	1.50%	2,624,610	5.9%	6.0%	1.22%	2.74%	4.72%	5.70%	3.38%
<i>LB High Yield 2% Issuer Contstrained Index</i>				1.48%				0.86%	2.35%	4.38%	N/A	N/A
<b>Mezzanine Debt</b>												
<b>Goldman Sachs</b>	12,839	0.0%	0.0%	0.00%	12,839	0.0%	0.0%	0.00%	0.00%	N/A	N/A	N/A
<b>TOTAL HIGH YIELD BONDS</b>	2,668,018	6.0%	6.0%	1.50%	2,637,449	6.0%	6.0%	1.21%	2.73%	4.72%	8.34%	7.47%
<i>LB High Yield 2% Issuer Contstrained Index</i>				1.48%				0.86%	2.35%	4.38%	8.48%	8.60%
<b>INTERNATIONAL FIXED INCOME</b>												
<b>International Sovereign</b>												
<b>UBS Global (Brinson)</b>	2,079,605	4.6%	4.8%	0.05%	2,078,011	4.7%	4.8%	0.43%	0.48%	0.13%	5.24%	9.99%
<i>Citigroup Non-US Gov't Bond Index (2)</i>				0.79%				0.69%	1.49%	-0.11%	5.01%	9.58%
<b>International Core</b>												
<b>Brandywine</b>	2,123,615	4.7%	4.8%	0.70%	2,110,589	4.8%	4.8%	1.52%	2.24%	3.89%	8.39%	N/A
<i>Lehman Global Aggregate (ex-US)</i>				0.92%				0.77%	1.70%	3.83%	5.69%	N/A
<b>TOTAL INTERNATIONAL FIXED INCOME</b>	4,203,221	9.4%	9.5%	0.38%	4,188,600	9.5%	9.5%	0.98%	1.36%	2.01%	6.82%	10.91%
<i>Citigroup Non-US Gov't Bond Index (2)</i>				0.79%				0.69%	1.49%	0.00%	5.05%	9.60%
<b>REAL ESTATE</b>												
<b>INVESCO</b>	2,034,257			0.00%	2,060,619			0.00%	0.00%	23.84%	N/A	N/A
<i>J.P. Morgan Strategic &amp; Special Funds</i>	2,077,453			1.59%	2,044,940			1.31%	2.92%	21.05%	17.14%	12.52%
<i>J.P. Morgan Alternative Property Fund</i>	461,516			0.00%	461,516			0.00%	0.00%	N/A	N/A	N/A
<b>TOTAL REAL ESTATE</b>	4,573,226	10.2%	9.5%	0.71%	4,567,075	10.4%	9.5%	0.59%	1.31%	22.09%	17.14%	12.52%
<i>NCREIF TOTAL INDEX</i>				1.32%				1.32%	2.66%	18.22%	15.63%	12.19%
<b>ALTERNATIVE INVESTMENTS</b>												
<i>Coral Partners V</i>	22,220			0.00%	22,451			0.00%	0.00%	8.74%	-15.32%	-24.06%
<i>Coral Partners V - Supplemental</i>	2,018			0.00%	2,039			0.00%	0.00%	10.53%	10.33%	N/A
<i>Coral Partners VI</i>	31,296			0.00%	31,620			0.00%	0.00%	-6.22%	-10.14%	N/A
<i>Brinson 1998 Partnership Fund</i>	5,962			0.00%	6,024			0.00%	0.00%	16.52%	15.11%	1.97%
<i>Brinson 1999 Partnership Fund</i>	10,649			0.00%	10,760			0.00%	0.00%	14.27%	12.72%	-1.26%
<i>Brinson 2000 Partnership Fund</i>	25,513			0.00%	31,826			0.00%	0.00%	28.22%	17.90%	3.70%
<i>Brinson 2001 Partnership Fund</i>	17,858			0.00%	18,043			0.00%	0.00%	19.85%	9.95%	3.22%
<i>Brinson 2002 Partnership Fund</i>	10,742			0.00%	12,157			0.00%	0.00%	32.42%	13.22%	N/A
<i>Brinson 2003 Partnership Fund</i>	2,915			0.00%	2,945			0.00%	0.00%	25.48%	6.77%	N/A
<i>Brinson 1999 Non-US Partnership Fund</i>	4,358			0.00%	5,506			0.00%	0.00%	40.48%	30.98%	18.60%
<i>Brinson 2000 Non-US Partnership Fund</i>	7,628			0.00%	6,227			0.00%	0.00%	35.03%	21.65%	13.01%
<i>Brinson 2001 Non-US Partnership Fund</i>	9,597			0.00%	9,039			0.00%	0.00%	27.25%	17.46%	8.96%
<i>Brinson 2002 Non-US Partnership Fund</i>	12,892			0.00%	12,573			0.00%	0.00%	38.11%	22.66%	N/A
<i>Brinson 2003 Non-US Partnership Fund</i>	10,485			0.00%	7,229			0.00%	0.00%	31.08%	8.89%	N/A
<i>Brinson 2004 Non-US Partnership Fund</i>	3,094			0.00%	3,150			0.00%	0.00%	24.56%	N/A	N/A
<i>Brinson BVCF IV</i>	43,267			0.00%	40,014			0.00%	0.00%	31.35%	19.07%	0.41%
<i>Matlin Patterson Global Opportunities</i>	29,918			0.00%	31,996			0.00%	0.00%	-11.68%	26.48%	N/A
<i>Matlin Patterson Global Opportunities II</i>	55,027			0.00%	55,204			0.00%	0.00%	-0.85%	N/A	N/A
<i>InvestAmerica</i>	9,548			0.00%	9,647			0.00%	0.00%	0.00%	-9.20%	N/A
<i>Hearthstone MSII</i>	1,704			0.00%	0			0.00%	0.00%	-100.00%	-100.00%	-100.00%
<i>Hearthstone MSIII</i>	8,647			0.00%	8,737			0.00%	0.00%	59.61%	N/A	N/A
<b>TOTAL ALTERNATIVE INVESTMENTS (3)</b>	325,338	0.7%	1.0%	0.00%	327,187	0.7%	1.0%	0.00%	0.00%	11.08%	10.40%	-2.89%
<b>CASH EQUIVALENTS</b>												
<b>Northern Trust STIF/STEP</b>	536,789	1.2%	0.0%	0.46%	527,005	1.2%	0.0%	0.30%	0.76%	4.31%	2.64%	2.41%
<i>90 Day T-Bill</i>				0.44%				0.42%	0.87%	4.00%	2.37%	2.25%
<b>TOTAL FUND</b>	44,775,729	100.0%	100.0%	1.55%	44,118,311	100.0%	100.0%	0.09%	1.64%	9.13%	12.57%	7.23%
<b>POLICY TARGET BENCHMARK</b>				1.81%				0.38%	2.20%	6.25%	8.80%	5.55%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(3) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual costs are known.